

## Message Text

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PAGE 01 LISBON 05965 011717Z  
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 IGA-02 IO-13 SP-02 USIA-06  
AID-05 EB-08 NSC-05 SS-15 STR-04 OMB-01 CEA-01  
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 L-03 H-01  
/101 W

-----032589 011906Z /44

R 011639Z AUG 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 2470

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DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: N/A  
TAGS: EFIN, ECON, PO  
SUBJECT: FINANCIAL ASSISTANCE TO PORTUGAL: IMF VISIT

1. WEEKLY NEWSPAPER "EXPRESSO" CARRIED PROMINENT FRONT-PAGE ARTICLE DESCRIBING ALLEGED REPORT WRITTEN BY IMF TEAM WHICH VISITED PORTUGAL BETWEEN JULY 19-22. ACCORDING TO ARTICLE, TEAM ALLEGEDLY NOTED THAT PORTUGUESE FOREIGN EXCHANGE SITUATION VERY SERIOUS AND RECOMMENDED SEVERAL MEASURES, INCLUDING REDUCTION OF CREDIT TO PUBLIC SECTOR, PRICE INCREASE, REDUCTION OF PUBLIC SECTOR DEFICIT, CONTINUED IMPORT RESTRICTIONS AND INTEREST RATE HIKES. ARTICLE ADDED THAT TEAM CONCLUDED THAT FEBRUARY MEASURES WERE INSUFFICIENT AND INADEQUATELY IMPLEMENTED. IMF TEAM LEADER WAS MR. DINI, ACCORDING TO ARTICLE.

2. ARTICLE ELICITED OFFICIAL STATEMENT FROM GOP, STATING THAT NEGOTIATIONS OVER SECOND TRANCHE WOULD BEGIN MID-SEPTEMBER. PLANNING MINISTER SOUSA GOMES QUOTED IN "DIARIO DE NOTICIAS" AUGUST 1 AS STATING THE SEPTEMBER NEGOTIATIONS WILL PERMIT THE FINAL DEFINITION OF STABILIZATION MEASURES. HE  
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NOTED THAT THE JULY 19-22 VISIT WAS AN INFORMATION GATHERING EXERCISE AND NO NEGOTIATIONS TOOK PLACE. HE DENIED THAT A FORMAL REPORT HAD BEEN MADE AND DECLARED THAT THE GOP HAS BEEN PREPARING A PACKAGE OF MEASURES WHICH HAVE NOTHING TO DO WITH THE IMF AND ARE DESIGNED TO COMPLEMENT THE FEBRUARY 25 PACKAGE. HE SAID THAT NO SENSATIONAL MEASURES ARE CONTEMPLATED AND CONCLUDED THAT WHILE SITUATION STILL

GRAVE, THERE HAS BEEN SOME RECUPERATION IN COMPARISON WITH  
1976.

3. COMMENT: REPORT OBVIOUSLY INACCURATE IN SOME SUBSTANTIVE  
DETAILS. HOWEVER, FRONT PAGE COVERAGE AND THE IMMEDIATE  
GOP REACTION INDICATES SENSITIVITY OF THE ISSUE AND  
THE DIFFICULT SITUATION UNDER WHICH GOP MUST OPERATE IN  
ITS ATTEMPT TO RESOLVE ECONOMIC PROBLEM.  
CARLUCCI

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, ECONOMIC ASSISTANCE, FOREIGN EXCHANGE RATES  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Disposition Date:** 22 May 2009  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009